

**SUPPORTING STATEMENT****Internal Revenue Service****Certain Transfers of Domestic Stock or Securities by U.S. Persons to Foreign Corporations****TD 8702****OMB Control Number 1545-1478****1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 367(a) provides that all transfers of property to foreign corporations in connection with certain transfers are taxable unless regulations provide otherwise. The Service believes that exceptions to the general statutory rule of taxation are appropriate only in cases where information is provided by taxpayers to the Service, indicating that the taxpayers qualify for the exceptions set forth in regulations.

**2. USE OF DATA**

The data will be used by the Service, in appropriate instances, to determine whether the taxpayer claiming an exception from taxation did so properly.

**3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998. There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission because of the low volume compared to the cost of electronic enabling..

**4. EFFORTS TO IDENTIFY DUPLICATION**

The information obtained through this collection is unique and is not already available for use or adaption from another source.

**5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

**6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

The information required is needed to verify compliance with Section 1.367(a)-3(c)(6) of the Internal Revenue Code. Less frequent collection of taxes and tax information

could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code.

7. **SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

A notice of proposed rulemaking (60 FR 66771) and temporary regulations (60 FR 66739) were published simultaneously in the *Federal Register* on December 26, 1995. The final regulations were published in the *Federal Register* on December 30, 1996 (61 FR 68633).

We received no comments during the comment period in response to the *Federal Register* notice (82 FR 15103), dated March 24, 2017.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payment or gift has been provided to any respondents.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master File (BMF)" system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Customer Account Data Engine Business Master File. The Internal Revenue Service PIAs can be found at <https://www.treasury.gov/privacy/PIAs/Pages/default.aspx>

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs)

in IRS systems.

## **12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

The U.S. target company must comply with the reporting requirements contained in this paragraph, Par. 2 (c)(6). The U.S. target company must attach to its timely filed U.S. income tax return for the taxable year in which the transfer occurs a statement titled “Section 367(a)—Reporting of Cross-Border Transfer Under Reg. § 1.367(a)–3(c)(6),” signed under penalties of perjury by an officer of the corporation to the best of the officer’s knowledge and belief,

The collection of information is in §1.367(a)-3(c)(6), which requires U.S. target corporations to provide certain information to demonstrate that their shareholders qualify for the exceptions set forth in the regulations.

<b>Authority</b>	<b>Description</b>	<b>Number of Respondents</b>	<b>Number of Responses per Respondent</b>	<b>Annual Responses</b>	<b>Hours per Response</b>	<b>Total Burden</b>
§1.367(a)-3(c)(6)	Chief Counsel Application	100	1	100	10	1,000
Totals		100		100		1,000

## **13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

## **14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

## **15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB.

## **16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

There are no plans for tabulation, statistical analysis, and publication.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulation sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.